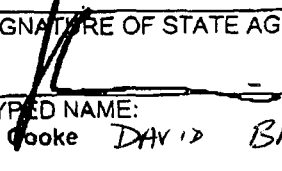
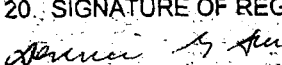


DEPARTMENT OF HEALTH AND HUMAN SERVICES
 HEALTH CARE FINANCING ADMINISTRATION

 FORM APPROVED
 CIVIL NO. 0000 0100

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		03 - 30	STATE TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: <p style="text-align: center;">December 13, 2003</p>	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.272 42 CFR 447.321		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 04 \$ 19,223,253 b. FFY 05 \$ 23,482,705	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <p style="text-align: center;">SEE ATTACHMENT</p>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <p style="text-align: center;">SEE ATTACHMENT</p>	
10. SUBJECT OF AMENDMENT: provides for a supplemental payment for state owned or operated hospitals for outpatient services. The supplemental payment will not exceed the difference between total annual Medicaid payments and the federal upper payment limits established in 42 CFR 447.272. The purpose of the supplemental payment is to recognize the unique role these facilities play in the Texas healthcare delivery system for the Medicaid population. As a result, the State seeks to ensure that Medicaid payments are commensurate with Medicare payments and/or payment principles.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL be forwarded upon receipt.			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Jason Cooke State Medicaid/CHIP Director Post Office Box 13247 Austin, Texas 78711	
13. TYPED NAME: Jason Cooke DAVID BALLAND			
14. TITLE: State Medicaid/CHIP Director			
15. DATE SUBMITTED: December 23, 2003			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: Dec 23, 2003		18. DATE APPROVED: June 28, 2004	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <p style="text-align: center;">DEC 23 2003</p>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: DENNIS G. Smith		22. TITLE: Director, CMSO	
23. REMARKS: Per link change to block #13			

(w) Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to state government-owned or operated hospitals for inpatient services provided to Medicaid patients.

(1) Supplemental payments are available under this subsection for inpatient hospital services provided by state government-owned or operated hospitals on or after December 13, 2003. To qualify for a supplemental payment, the hospital must be owned or operated by the state of Texas.

(2) The aggregate supplemental payment amount will be the annual difference between the aggregate upper payment limit and the inpatient fee-for-service Medicaid payments made to the state government-owned or operated hospitals under this attachment. The aggregate upper payment limit will be calculated, based on Medicare payment principles and in accordance with the federal upper limit regulations at 42 CFR 447.272, using the most recent cost report data available.

(3) The amount of the supplemental payment made to each state government-owned or operated hospital will be determined by:

(A) dividing each hospital's fee-for-service Medicaid payments by the sum of the Medicaid fee-for-service payments of all state government-owned or operated hospitals;

(B) multiplying the percentage calculated in (A) by the aggregate supplemental payment calculated in (2).

(4) Supplemental payments determined under this subsection will be calculated annually and paid at the end of each quarter.

(5) Supplemental payments made under this subsection when combined with other inpatient payments made under this attachment shall not exceed the maximum amounts allowable under applicable federal regulations at 42 CFR 447.271.

(9) Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to state government-owned or operated hospitals for services provided to Medicaid patients.

(a) Supplemental payments are available under this subsection for outpatient hospital services provided by state government-owned or operated hospitals on or after December 13, 2003. To qualify for a supplemental payment, the hospital must be owned or operated by the state of Texas.

(b) The amount of the supplemental payment made to each state government-owned or operated hospital is the difference between the Medicaid fee-for-service outpatient payments received and 100% of the hospital's Medicaid allowable outpatient hospital cost. Medicaid payments and cost will be based on the most recent complete state fiscal year period of fee-for-service claims data.

(c) Supplemental payments determined under this subsection will be calculated annually and paid quarterly.

(d) Supplemental payments made under this subsection when combined with other outpatient payments made under this attachment shall not exceed the maximum amounts allowable under applicable federal regulations at 42 CFR 447.321.